

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

HB 1809 – SB 2233

February 27, 2018

SUMMARY OF ORIGINAL BILL: Combines the disciplines of barbering and cosmetology by eliminating licenses under the barbering discipline and creating uniform cosmetology/barbering licenses for individual licensees, shops and schools. Eliminates the requirement for a license to perform natural hair styling services and the requirement for shops and schools specializing in natural hair styling to be licensed.

FISCAL IMPACT OF ORIGINAL BILL:

Decrease State Revenue –

\$3,200/FY18-19/Board of Cosmetology and Barber Examiners

\$6,500/FY19-20 and Subsequent Years/

Board of Cosmetology and Barber Examiners

Pursuant to Tenn. Code Ann. § 4-29-121, all regulatory boards are required to be self-supporting over any two-year period. The Board of Cosmetology and Barber Examiners experienced a deficit of \$163,666 in FY15-16, a surplus of \$50,787 in FY16-17, and had a cumulative reserve balance of \$281,620 on June 30, 2017.

The Governor's proposed budget for FY18-19, on page A-37, recognizes a recurring decrease in state revenue to the Board of Cosmetology and Barber Examiners in the amount of \$6,500.

IMPACT TO COMMERCE OF ORIGINAL BILL:

Decrease Business Expenditures – \$3,200/FY18-19

\$6,500/FY19-20 and Subsequent Years

SUMMARY OF AMENDMENTS (013188, 013777): Amendment 013188 deletes and replaces language of the original bill to remove the requirements of current law, for a person who engages in hair wrapping, from: (1) having to post a notice at the place of business indicating that the person is not licensed and that the person uses disposable instruments or implements that are sanitized in a disinfectant approved for hospital use or approved by the federal environmental protection agency; or (2) from having to obtain 16 hours of training by a licensed school of cosmetology in order to be exempt from the Tennessee Cosmetology Act requirements.

Adds language to the original legislation to specify statutory references to exceptions under Tenn. Code Ann. § 62-4-125(d)(2)(A)-(G) for when it is unlawful for a person licensed to practice cosmetology/barbering outside of a shop or school.

Adds language to the original legislation to exempt any cosmetology/barber shop that was registered as a barber shop prior to the conversion of the cosmetology/barber shop license and whose registration has been continuously renewed or reinstated within any applicable grace period, from being required to comply with the requirements for the physical dimensions of the shop as long as they continue to comply with the physical dimension requirements for barber shop registration at the time of the conversion.

Adds language to the original bill to establish that a person who meets an exception to providing services in a cosmetology/barber shop under Tenn. Code Ann. § 62-4-125 shall not be required to obtain a residential cosmetology/barber certificate unless that certificate is the basis for the exception.

Amendment 013777 deletes and replaces language in the bill as amended by amendment 013188 to require a certified natural hair stylist to complete at least 100 hours of training in the practice and theory of natural hair styling at a hair styling school or cosmetology before using the title or knowingly allowing themselves to be identified by the title “certified natural hair stylist”. Establishes that a violation of this part is considered an unfair or deceptive act or practice affecting the conduct of trade or commerce pursuant to the *Tennessee Consumer Protection Act of 1977*.

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENTS:

Unchanged from the original fiscal note.

Assumptions for the bill as amended:

- Passage of this legislation would require the Board of Cosmetology and Barber Examiners (BCBE) to no longer issue licenses to the 156 natural hairstylists and 48 natural hairstyling shops currently licensed in Tennessee.
- The biennial license fee is \$60 for a natural hairstylist and \$75 for a natural hairstyling shop.
- No longer issuing these licenses would result in a decrease in state revenue to the BCBE.
- For the purpose of promulgating rules, this act shall take effect upon becoming a law, the public welfare requiring it. For all other purposes, this act shall take effect January 1, 2019, the public welfare requiring it.
- Due to the effective date of this legislation of January 1, 2019, the total decrease in state revenue is estimated to be \$3,240 [(156 individuals x \$60) + (48 shops x \$75) / 2-year license x 50.0%] in FY18-19 and \$6,480 [(156 individuals x \$60) + (48 shops x \$75) / 2-year license] in FY19-20 and subsequent years.

- Combining the disciplines of barbering and cosmetology will not change the licensure fees or the educational requirements already established by the BCBE.
- The BCBE can promulgate any necessary rules during regularly-scheduled Board meetings at no additional cost.
- Pursuant to Tenn. Code Ann. § 4-29-121, all regulatory boards are required to be self-supporting over any two- year period. The BCBE experienced a deficit of \$163,666 in FY15-16, a surplus of \$50,787 in FY16-17, and had a cumulative reserve balance of \$281,620 on June 30, 2017.
- The Division of Consumer Affairs can handle any increase in formal complaints, utilizing existing staff during normal work hours.
- Committing an unfair or deceptive practice under the *Consumer Protection Act of 1977* is a Class B misdemeanor offense.
- There will not be a sufficient number of Class B misdemeanor prosecutions for state or local government to experience any significant increase in revenue or expenditures.

IMPACT TO COMMERCE WITH PROPOSED AMENDMENT:

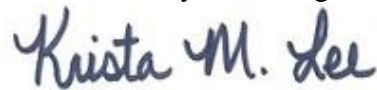
Unchanged from the original fiscal note.

Assumptions for the bill as amended:

- This legislation is estimated to result in a recurring annual decrease in business expenditures of \$6,500 as a result of natural hairstylists, shops and instructors no longer being required to pay a licensure fee.
- Any decrease in revenue for licensed schools of cosmetology offering training for persons who wish to engage in hair wrapping will be offset by an equivalent decrease in expenditures for such persons.
- This legislation will have no significant impact on jobs in Tennessee.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



Krista M. Lee, Executive Director

/vlh